

CONGRESSMAN

TIM GRIFFIN

ARKANSAS'S SECOND DISTRICT



A CONVERSATION

ABOUT THE NATIONAL DEBT, JOB CREATION AND
BUILDING A STRONGER AMERICA

I will “engage in a
conversation with the
American people about the
hard choices we're going to
have to make.”

President Obama, 2010

OUTLINE

I. THE NATIONAL DEBT

II. JOB CREATION

III. BUILDING A STRONGER AMERICA

THE NATIONAL DEBT

The Basics

HOW BAD IS IT?

“America is on the threshold
of potential economic
devastation The day of
infamy is close”

Sen. Pete Domenici (R-AZ), 2010

CONVENTIONAL WISDOM

“As a rule, if someone promises a painful conversation . . . it's time to run But there is nowhere to run. The current level of deficit spending is unsustainable. The American people know this, and they want the President to do something. Yet they show no interest in supporting the hard choices that are required.”

John Dickerson, *Slate*, December 15, 2010

Conventional Wisdom Is Wrong

The American People
Are Ready for the Truth

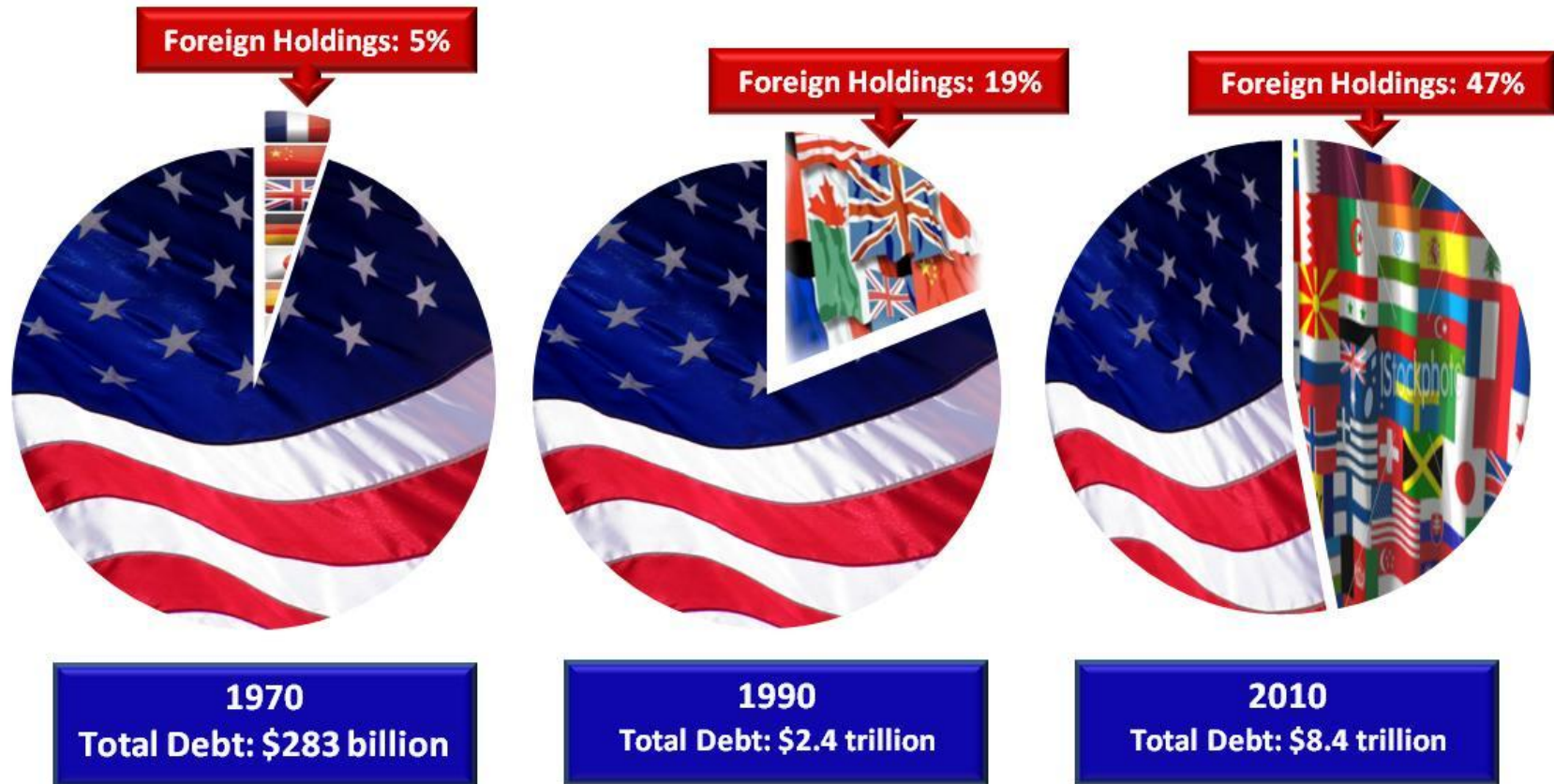
BY THE NUMBERS

- Our nation's debt is \$14.1 trillion.
- \$45,484 for every man, woman, and child.
- \$142,819 for the average American family.
- In FY 2011, our country has added about \$4.1 billion to the debt every day.
- \$4 billion a week in interest.

WHO'S TO BLAME?

- We all are
- Republicans
- Democrats
- Congress after Congress
- President after President
- Above all, the American people
- Everyone is to blame, so let's focus on the solution

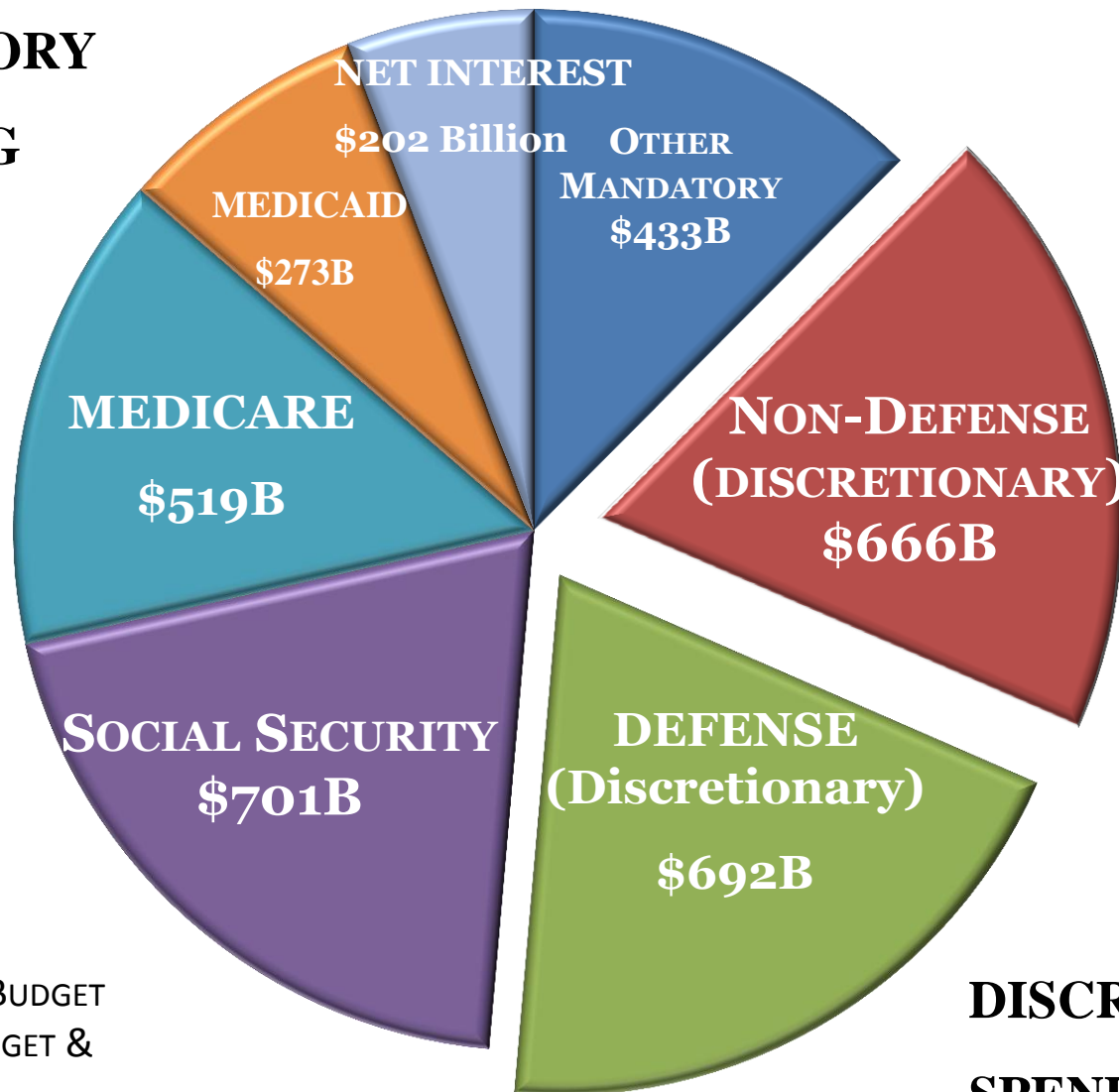
Who Owns Our Debt?



Source : U.S. Department of Treasury

TOTAL SPENDING IN FY 2010: \$3.5 TRILLION

MANDATORY SPENDING



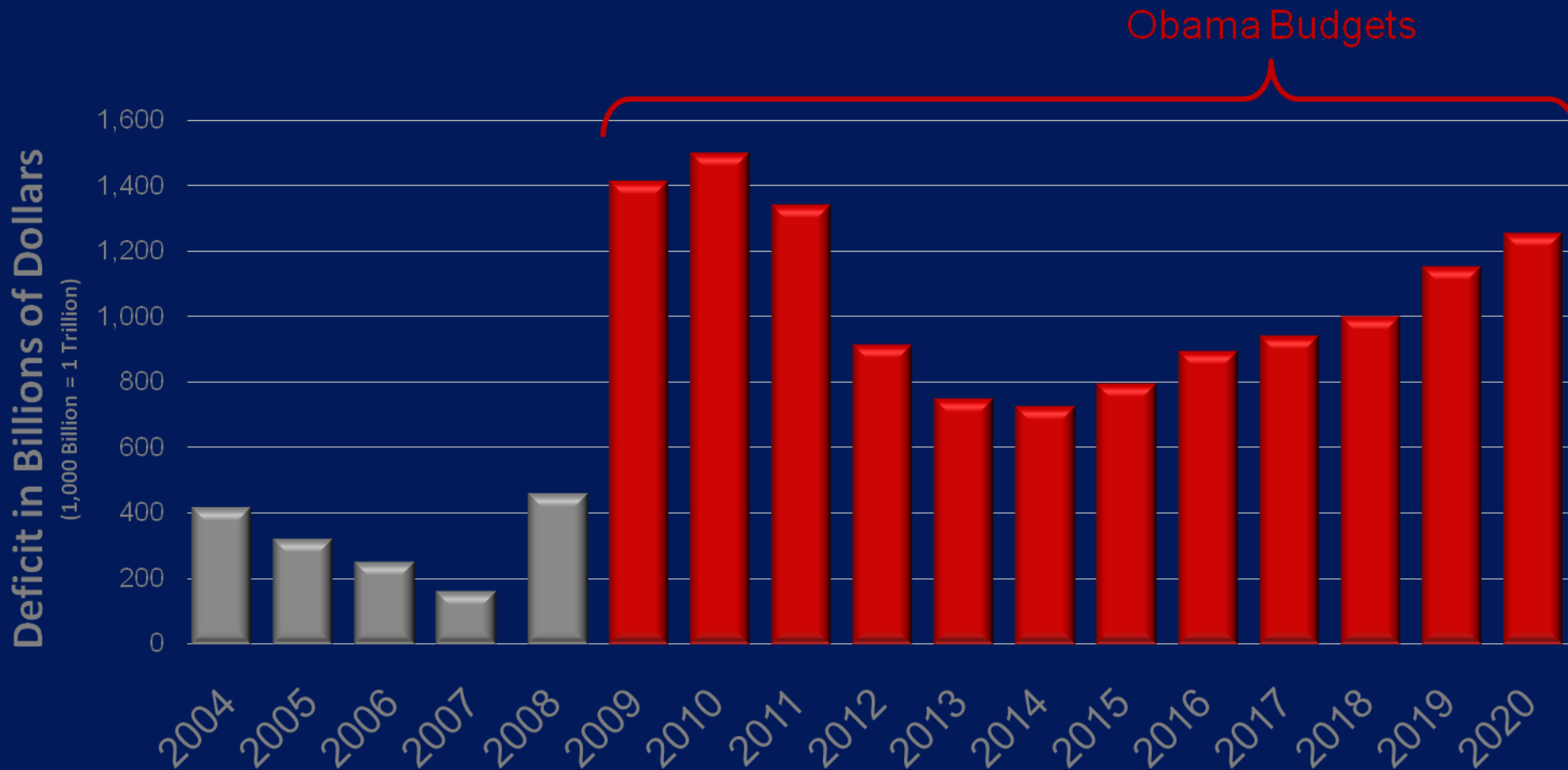
SOURCE: CONGRESSIONAL BUDGET
OFFICE AUGUST 2010 BUDGET &
ECONOMIC OUTLOOK

DISCRETIONARY
SPENDING

WASHINGTON'S PLAN TO SPEND, TAX AND BORROW: MORE DEBT, FEWER JOBS

- Current deficit is \$1.5 trillion
- The President's current budget increases taxes by \$1.8 trillion and spending by \$2.5 trillion over the next 10 years.
- The President's budget doubles the debt in 5 years & triples it in 10 years.
- The President's Budget Director and Treasury Secretary have testified that the deficit and debt levels in the Administration's budget are not "sustainable"
- With each passing year, the spending problem gets worse, and we have fewer options to fix the problem.

DEFICITS UNDER OBAMA BUDGETS

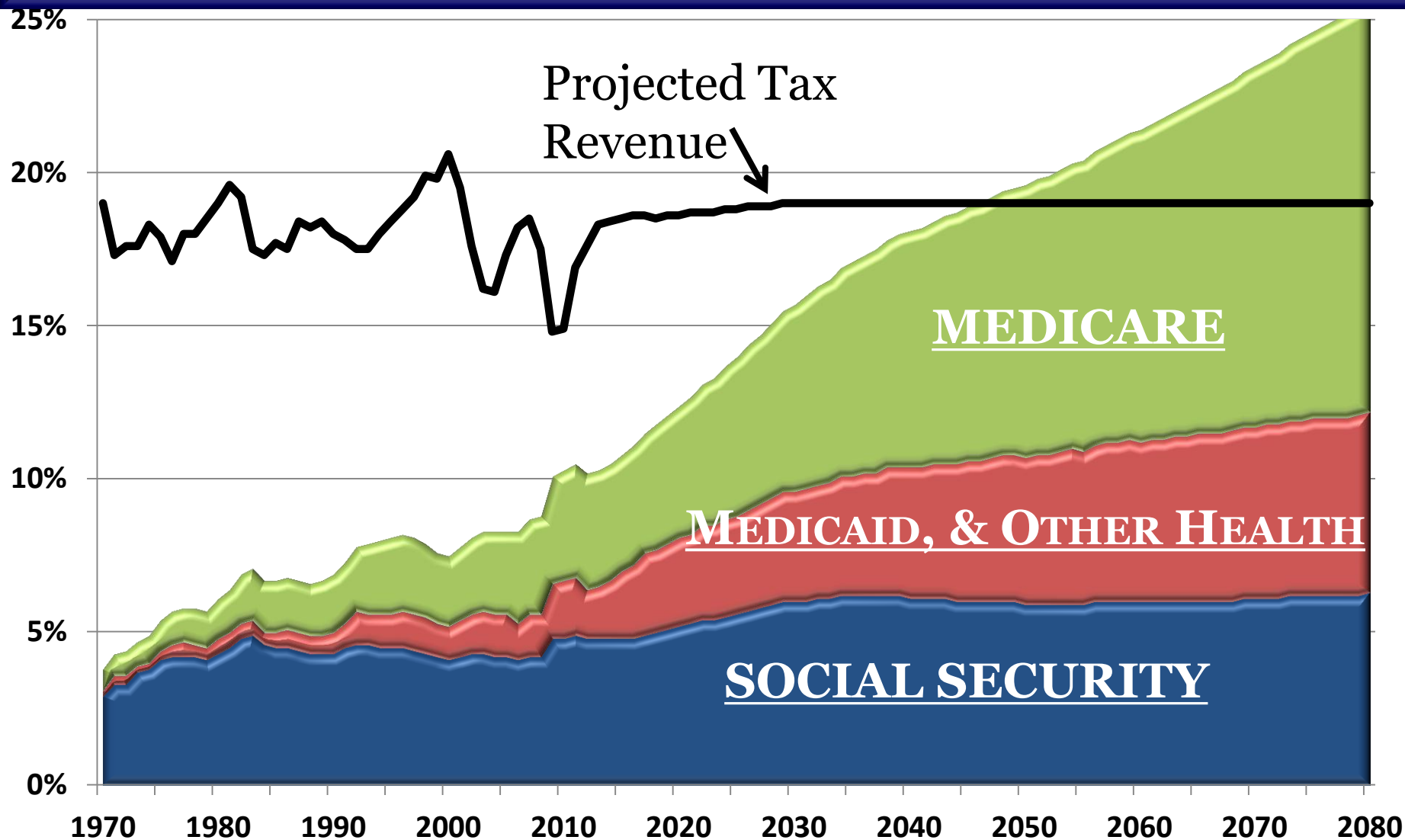


Source: OMB & CBO

Source: House Budget Committee

ENTITLEMENTS TO OVERWHELM ENTIRE FEDERAL BUDGET

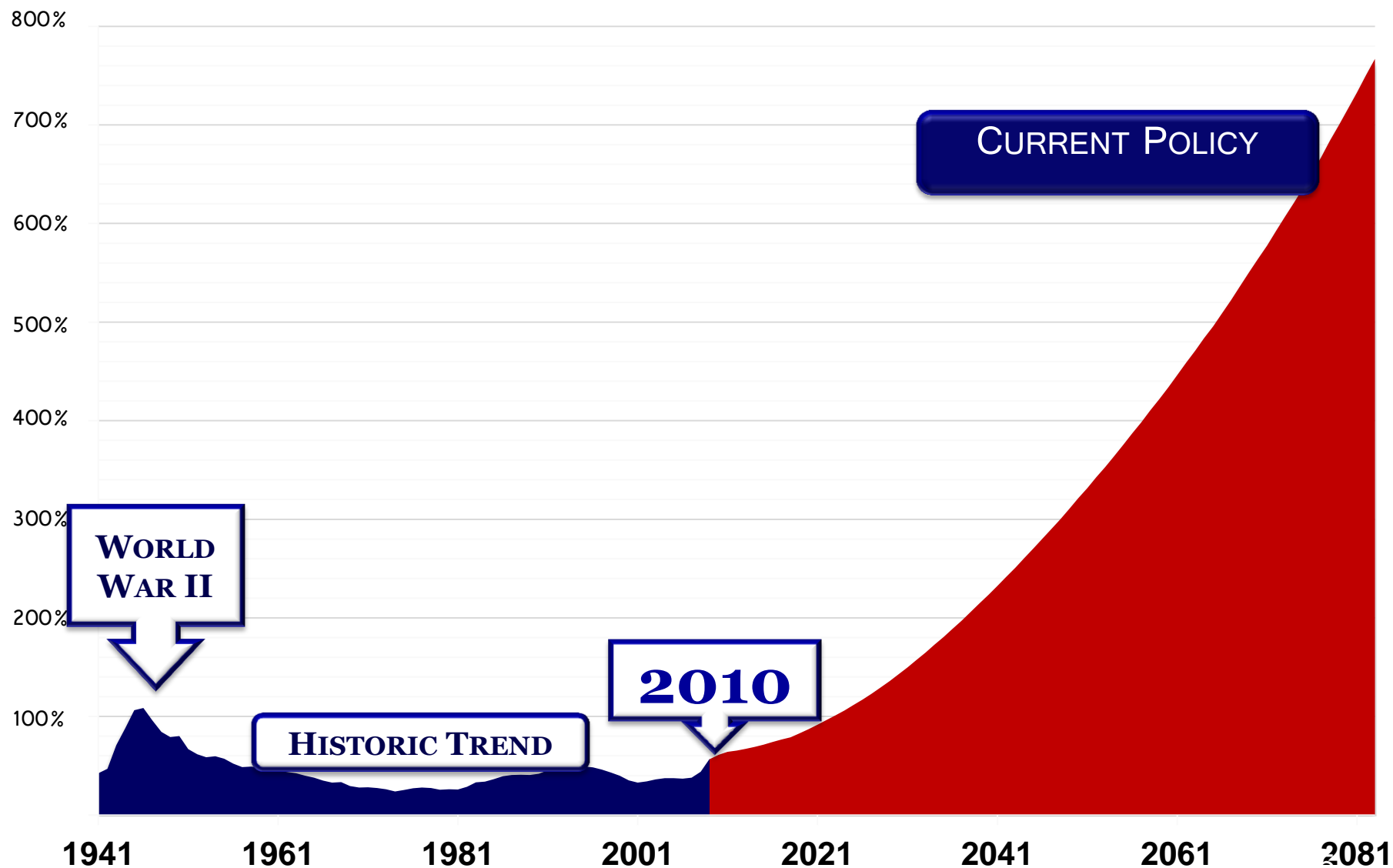
(SPENDING AND REVENUE AS A PERCENTAGE OF GDP)



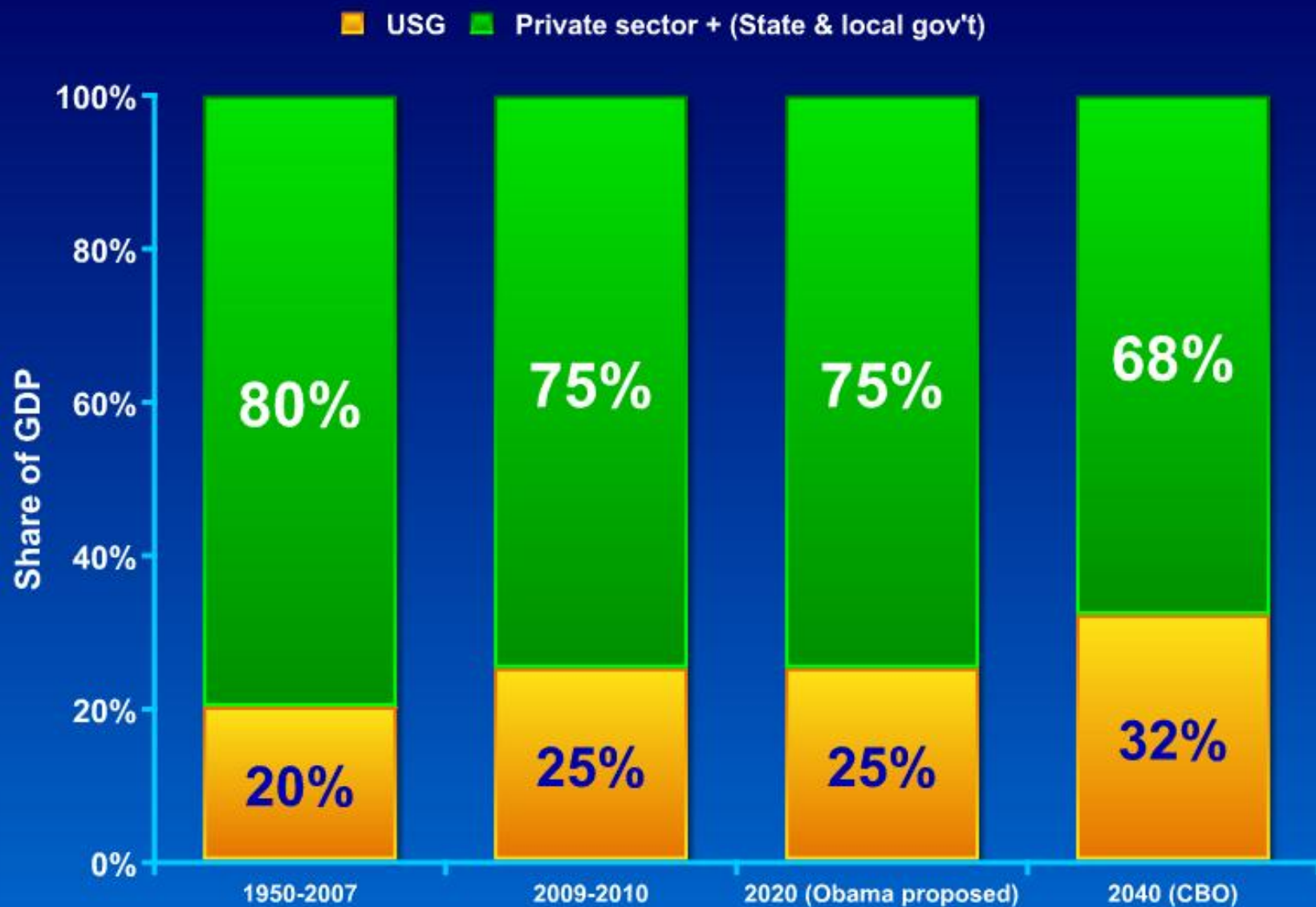
Source: House Budget Committee

THE PATH AHEAD: TIDAL WAVE OF DEBT

(DEBT HELD BY PUBLIC AS PERCENTAGE OF GDP)



The real battle in Washington is about the size of the federal government, not the deficit



THE NATIONAL DEBT

So What?

FISCAL AND MORAL CONSEQUENCES

- Explosive growth of entitlement spending
- Debt spirals out of control; economic crisis
- Massive job losses
- Threatens exceptional American character
- America not the country we grew up in
- Next generation worse off than their parents
- Second rate country

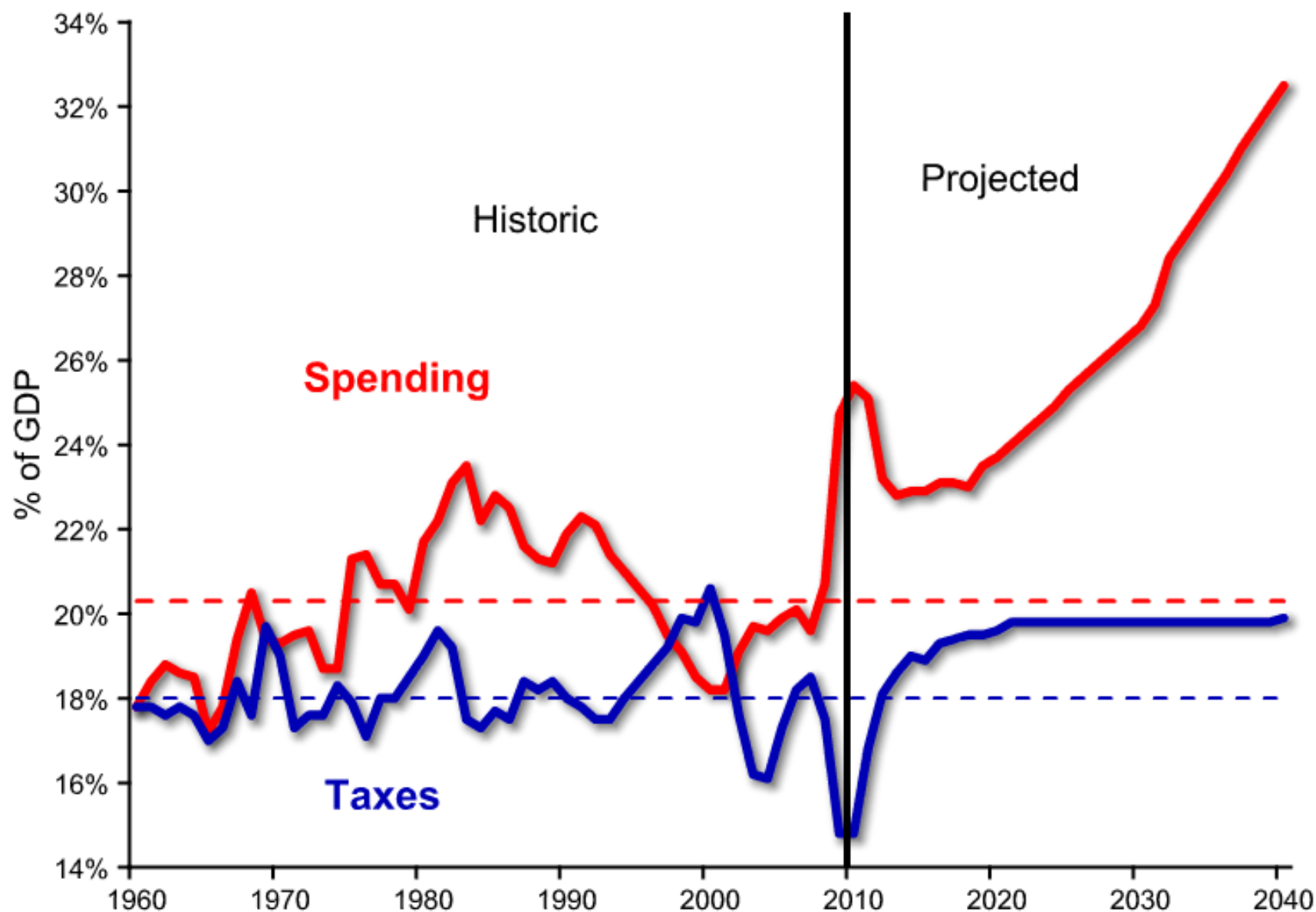
INTEREST ON OUR NATIONAL DEBT

- \$202 Billion in 2010
- Paid to Countries and Banks that hold U.S. debt, like China and Japan, for example.
- Enough to write a check for over \$70,000 to each and every Arkansan, each year
- Bad money crowds out good money: wasted money means critical needs--like infrastructure--aren't funded

THE NATIONAL DEBT

What's the Solution?

Spending and Taxes (from Obama 2011 Budget)



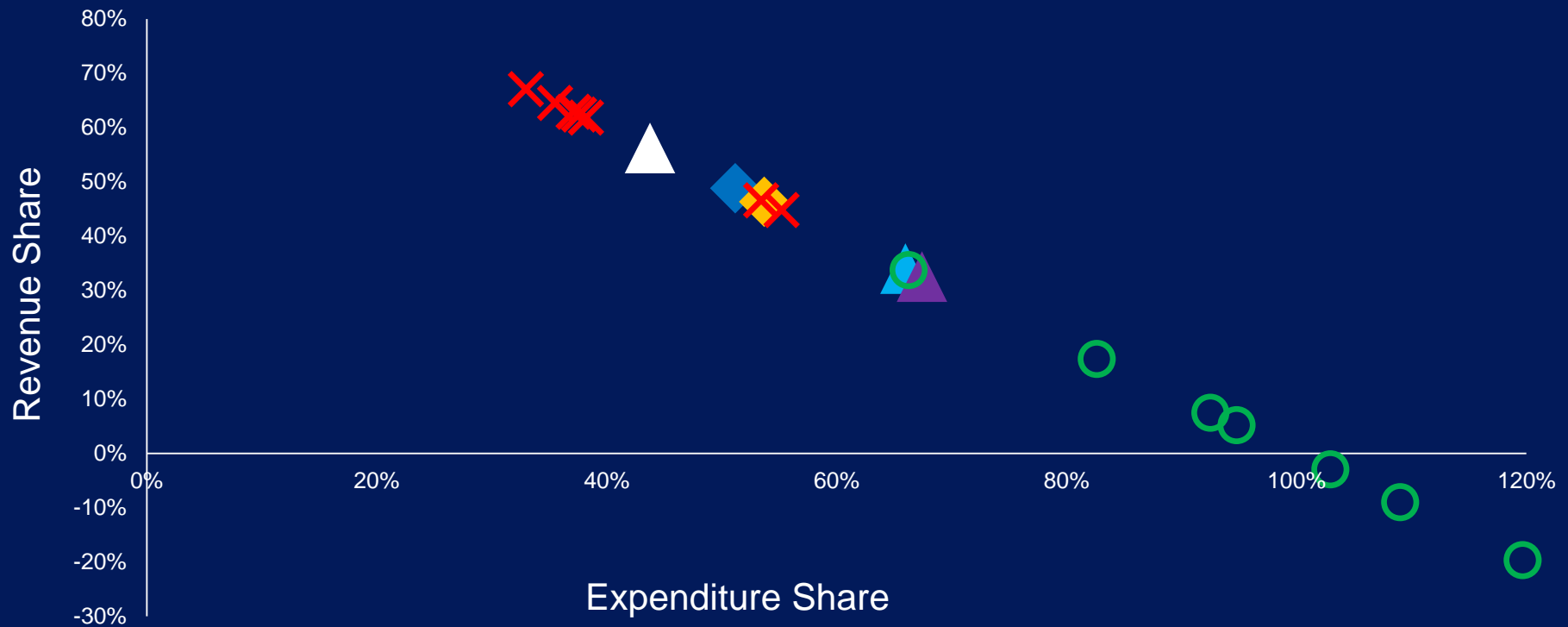
OVER-SPENDING IS THE PROBLEM

- **Deficit growth is driven by spending growth**
- **Spending growth is driven by three programs:
Social Security, Medicare & Medicaid**
- **Spending growth is driven by three underlying forces:**
 - 1. Aging of the population**
 - 2. SS benefit formulas indexed to economic growth; and**
 - 3. Unsustainable growth in per capita health spending.**
- **President Obama's Health Care Law and the stimulus accelerated the fiscal problem, but the core cause goes back decades.**

SOLUTIONS MUST COME FROM SPENDING REDUCTIONS, NOT TAX INCREASES

- *Politicians spend additional revenue from taxes*
- *Tax increases hurt much needed economic growth*
- *History shows spending is the problem*

WHAT HAS WORKED AND WHAT HASN'T



- ◆ President Obama's Commission 2011-2020
- ◆ Bipartisan Policy Center 2012-2020
- ▲ Greek Consolidation 2010-2013
- ▲ Irish Consolidation 2008-2014
- ▲ United Kingdom Consolidation 2011-2014
- Historical Successes
- ✕ Historical Failures

Notes: The green circles and red X's indicate the average expenditure and revenue shares for successful and unsuccessful historical consolidations across a variety of studies taken from the academic literature. Each point reflects a specific estimate from the literature based on differing methodologies.

Source: Andrew G. Biggs, Kevin A. Hassett, and Matthew Jensen. "A Guide for Deficit Reduction in the United States Based on Historical Consolidations That Worked." AEI Economic Policy Working Paper 2010-04. <http://www.aei.org/paper/100179>

THE LONGER WE WAIT, THE BIGGER THE PROBLEM

- The long-term fiscal problem is now a medium-term problem.
- In 4-5 years it will be a short-term problem.
- Do nothing? No. Not an option.
- Spend more? No. Not an option.

THREE BIG BUDGET VOTES EARLY IN 2011 = THREE OPPORTUNITIES

1. Debt limit (The Past)
2. Continuing resolution (CR) (The Present)
3. Budget resolution (The Future)

JOB CREATION

4 KEYS TO JOB CREATION

1. Stop deficit spending and balance the budget

2. Pay down the debt

3. Make America attractive to job creators

4. Increase economic freedom for small and big businesses so we can compete

ECONOMIC FREEDOM RANKINGS

- 1) Hong Kong
- 2) Singapore
- 3) Australia
- 4) New Zealand
- 5) Switzerland
- 6) Canada
- 7) Ireland
- 8) Denmark
- 9) United States (down 1 from last year)**
- 10) Bahrain

ONE BIPARTISAN WAY TO ATTRACT AND CREATE JOBS

**In his State of the Union Address,
President Obama called on
Congress to lower the corporate
tax rate for the first time in 25
years.**

CORPORATE TAX RATES OF THE G7 NATIONS

- 1) Germany (24.4%)
- 2) Italy (27.2%)
- 3) UK (27.5%)
- 4) Canada (28%)
- 5) Japan (33.5%)
- 6) France (34.4%)
- 7) United States (35%)

CAN AMERICA COMPETE INTERNATIONALLY?

- Of course we can!
- All about job creators, big and small
- Small businesses lead the way
- Big business plays a key part as well
- Private sector must be allowed to innovate and create jobs
- Must use oversight power to look for overburdensome regulations

**BUILDING A
STRONGER AMERICA
IN THE 112TH CONGRESS**

CHANGING THE WAY CONGRESS WORKS

- ✓ We require every bill to cite its specific Constitutional Authority.
- ✓ We require legislation to be publicly available for at least 3 days before voting on it.
- ✓ We changed budget enforcement rules to make spending cuts easier and spending hikes harder.

REPEALING PRESIDENT OBAMA'S HEALTH CARE LAW

- ✓ In a bipartisan vote on a simple, two-page bill, we repealed the health care law and its job-killing mandates and spending.
- ✓ We voted to cut \$2.6 trillion in new spending and reduce deficits by \$700 billion by repealing the job-destroying health care takeover.
- ✓ We set the stage for committees to work in a transparent process to debate real solutions to our nation's health care challenges that won't hurt our economy by destroying jobs.

CUTTING JOB-DESTROYING SPENDING

- I voted to cut Congressional budgets by five percent, saving \$35 million each year (H. Res. 22).
- We banned all earmarks. (House Republican Conference Rules for the 112th Congress).
- I voted to cut new spending by \$2.6 trillion over ten years and reduce the deficit by \$700 billion when we repealed President Obama's health care law.
- I voted to cut current government spending back to FY 2008 levels or less, which will reduce non-security discretionary spending to pre-stimulus, pre-bailout levels (H. Res. 38).
- I voted to end the taxpayer funding of presidential campaigns and party conventions, saving \$617 million (H.R. 359).
- I voted to end the wasteful mandatory printing of bills introduced in Congress, saving the American taxpayers \$35 million (H.R. 292).

THE BOTTOM LINE

- Serious problems
- Bold solutions, not minor adjustments
- We can do it!

QUESTIONS AND COMMENTS